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Foreign Crops and MARKETS

VOLUME 52 NUMBER 25

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World Output of Manufactured Dairy Products for Second Quarter 1946 Below Last Year as Milk Output Falls Short of Fluid and Manufactured Needs (Page 389)

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LATE NEWS

Optimism continues in Spain with respect to the coming harvest. The orange, grape, olive, and grain crops appear excellent. Although slightly reduced wheat yields are predicted on account of excessive rains and lack of fertilizers, the latest estimates indicate a crop in excess of 3.8 million short tons. Legumes, potatoes, and other crops also are promising.

Downward revisions in areas planted to major crops in Austria have been recently announced. The reduction in the earlier estimates is attributed mainly to drought. Prospective yields of all field crops are expected to be from 30 to 45 percent below normal owing to drought, poor seed, and insect damage. Sugar beets, rape, and fodder crops have been particularly hard hit.

The Republic of Panama's minimum requirements of rice were placed at 45,000 short tons per annum. Last year's crop totaled approximately 39,000 tons. The new crop is not due until November or December. It was pointed out that 1,000 tons are needed immediately and 650 tons monthly during July, August, September, and October to avert a critical shortage. The shortage exists primarily in the terminal cities of Panama and Colon. Stocks in the interior were said to be sufficient for needs, but farmers are unwilling to ship to terminal cities until the new crop is harvested.

Compared with Panama's consumption requirements of 90 million pounds annually, last year's crop totaled 78 million pounds. Requirements are estimated at 2 million pounds immediately, and 1.4 million monthly from August through October to avert a critical shortage. The new crop is not due until November and December.

In Cuba subsidies on rice importation from countries other than the United States were granted in a recent decree. The quantity which may be subsidized is set at 93 million pounds, with the maximum permissible subsidy at $2.47 per 100 pounds. The Minister of Commerce has full discretion as to which imported rice may be subsidized.

Fats and oils and wheat are in short supply in Mexico. The minimum extraction rate for wheat has been fixed at 80 percent, and deliveries of flour to bakeries have been restricted to 75 percent of their normal requirements. Efforts are being made to insure the use of available supplies for bread rather than for pastries. A record pineapple crop, forecast at 94,600 short tons, is now being harvested. About 33,000 short tons will be available for export, but actual exports will be limited by transportation facilities. An exportable surplus of 55,000 short tons of chick peas is expected. Of that amount 22,000 short tons will go to Cuba in return for sugar under a recent agreement.

COMMODITY DEVELOPMENTS

GRAINS, GRAIN PRODUCTS, AND FEEDS

AUSTRALIAN GRAIN AREA SEEN BELOW 1946 GOAL

Despite some handicap to grain seedings due to dry conditions in certain areas the acreage seeded to wheat in Australia for harvest late in 1946 is expected to be considerably larger than the 11.5 million acres under wheat for grain last year. Acreage may, however, fall short of the current season's goal of 15.5 million acres. At that level the goal is about 2.5 million acres larger than the average for the 5 prewar years. Widespread rains were said to be urgently needed for completion of seeding and germination of crops.

The Government's proposed stabilization scheme, which assured growers a minimum price of 5s. 2 d. per bushel, f.o.b. ports (83 cents in United States currency), is believed to have acted as an incentive to increased wheat seeding. In addition to the guaranteed price, the scheme, as now planned, would give growers 50 percent of the profits on exports instead of the 40-percent share proposed earlier. The Australian Wheat Board has been charging 10 s. 4-3/4 d. per bushel, f.o.b. ports ($1.67), for export wheat.

The extent of the increase in the wheat acreage was expected to depend largely on weather conditions during the latter part of the planting season. Additional factors mentioned as having possibly limited sowings are shortages of tractors, machine parts, and labor and, to a lesser degree, delayed delivery of superphosphates.

Though forecasts of the wheat acreage are not available, preliminary reports indicate that the area in New South Wales may be around 5 million acres, a rise of 25 percent over acreage a year ago. The acreage in Victoria is also expected to show some increase. In South Australia an increase over the 2 million acres planted a year ago is anticipated, but agriculture officials of that State have expressed doubt as to the acreage being as large as the goal of about 3.1 million acres. Reports state that not much land was fallowed in preparation for sowing and that many farmers had not retained sufficient seed for planting a larger acreage. No report is available as to prospects in Western Australia, one of the principal producing States.

Some shift from oats to wheat acreage is reported to be resulting from the relatively more profitable price received for wheat. Conditions for sowing oats have been much the same as for wheat, since seeding is done at approximately the same time and largely in the same districts for both grains. As a result of the shift, the oat acreage is expected to be smaller than in 1945. Conditions for seeding barley have been reported to be favorable in both South Australia and Victoria, the only States of any importance in barley production.

The corn harvest is in progress in New South Wales and Queenland, these two States producing more than 90 percent of Australia's total production. The outturn this year is expected to be less than last year's production, largely as a result of unfavorable weather conditions during March.

CANADA'S GRAIN CROP PROSPECTS MAINTAINED

Rainfall over some districts of the Prairie Provinces of Canada in mid-June helped maintain the generally satisfactory crop conditions for grains, despite below-average rain since April 1 in all three Provinces. Relatively good subsoil moisture reserves from the previous season have helped maintain satisfactory conditions. In many areas of Manitoba and parts of Saskatchewan, however, immediate rainfall is required to prevent deterioration, according to reports.

Sawfly infestation has been reported in southern Alberta and severe cutworm damage is reported in east central Alberta and west central Saskatchewan. Damage from hail was reported in Saskatchewan and Manitoba, the first reported during the present season.

The grain outlook in Quebec was described as fair to good. In Ontario spring grains were reported to be growing well except in the eastern districts where crops are late. Fair yields of winter wheat and rye are said to be expected.

U. S. RICE EXPORTS HIT ALL-TIME HIGH

United States rice exports from August 1945 to April 1946, inclusive, amounted to 588 million pounds, compared with 382 million for the same period of the preceding year. This quantity, representing the amount exported from the United States crop harvested from August to December 1945, already is substantially larger than the record exports of the 1944-45 marketing year. More than 200 million pounds was shipped to the Far East to help alleviate serious rice shortages in the Philippine Islands, the Netherlands Indies, and China. The amount exported to Cuba was larger than that from August 1944 to April 1945.

Rice shipments to possessions from the United States from August to April this year are recorded at 239 million pounds, equaling those of the same period in 1941-42, the last year before the wartime scarcity of shipping developed. The amount delivered to Puerto Rico in 1945-46 was approximately 30 million pounds larger than that for the 9-month period in 1941-42, though that to Hawaii was about 30 million pounds less.

RICE: United States exports to specified countries, August-April 1945-46, with comparisons a/

Destination	August-July			August-April	
	Average 1937-38 to 1941-42	1943-44	1944-45 b/	1944-45 b/	1945-46 b/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom	6	60	18	7	c/
Soviet Union	c/	51	35	21	5
Sweden	7	c/	c/	c/	0
Greece	6	5	7	5	1
Netherlands	5	0	21	6	c/
Belgium	7	0	0	0	1
Other Europe	12	1	15	16	5
Total Europe	43	117	96	55	12
Cuba	275	298	333	278	299
Canada	19	37	36	32	29
British West Indies	c/	11	3	2	10
Netherlands Indies	d/	0	0	0	60
Philippine Islands	1	0	0	0	128
China	d/	0	0	0	32
Others	20	21	23	15	18
Total	358	484	491	382	588

Compiled from official records, Bureau of Foreign and Domestic Commerce.
a/ Includes milled rice and rough rice converted in terms of milled at 65 percent. b/ Preliminary. c/ Less than 500,000 pounds. d/ If any, included in others.

FATS AND OILS

BRAZIL PUTS BAN ON TALLOW EXPORTS

Owing to the shortage of soap fats, the Brazilian Government has announced a decree effective May 14, 1946, prohibiting export from the State of Sao Paulo of all animal fats used in the manufacture of soap. In recent years Sao Paulo supplied from 35 to 45 percent of the total Brazilian tallow production. Other ranking States include Rio Grande do Sul, Minas Geraes, Rio de Janeiro, and Goias.

Brazil's tallow output has declined during the past several years. In 1937 approximately 50,000 short tons were produced from slaughter under Federal Inspection. In addition, a small unknown quantity of tallow was derived from rural and municipal slaughter. By comparison, the 1945 output probably did not exceed 30,000 tons. The decrease is attributed to a drop in the number of cattle slaughtered, lighter weights, and excessive killing of young cattle and calves.

During the past decade Brazil's trade position changed from that of exporter to importer of tallow. About 25,800 short tons were exported in 1935, with sharp reductions each succeeding year. In 1944 and 1945 there were no shipments abroad. On the other hand, tallow imports have increased owing to the greater demand by the soap industry and to smaller domestic production. Imports during 1935-1939 averaged less than 50 short tons, though in 1944 more than 22,000 tons were brought into Brazil, mostly from Argentina.

NETHERLANDS OILSEED AREA BELOW AVERAGE

The Netherlands rapeseed acreage for 1946 is estimated at only 14,000 acres, a decrease of 84 percent from last year and 73 percent from the 5-year (1940-1944) average. Poor crops in late years and insect damage are responsible for this drastic cut. During the war, the area devoted to rapeseed was increased to almost 12 times the prewar average of 4,300 acres. Plantings reached the record of 120,000 acres in 1944.

Area sown to flaxseed is indicated at almost 27,000 acres, an increase of 14 percent over last year but a decrease of 39 percent from the 1940-1944 average. The largest area on record is 62,000 acres, sown in 1939.

NETHERLANDS: Rapeseed and flaxseed acreage, 1946 with comparisons

Year	Rapeseed	Flaxseed	Year	Rapeseed	Flaxseed
	Acres	Acres		Acres	Acres
Average - 1935-1939	4,322	42,338	1943	119,866	37,463
1940	4,398	47,554	1944	120,091	28,911
1941	8,350	49,348	1945	85,709	23,289
1942	9,973	55,800	1946	14,023	26,662

Compiled from official sources.

TOBACCO

SWEDISH TOBACCO CONSUMPTION UP

Tobacco products sold by the Swedish Tobacco Monopoly in 1945 had an aggregate weight of about 19.5 million pounds, compared with 18.8 million in 1944, according to a report from the American Legation at Stockholm. A sharp increase in sales of cigarettes accounted for the upturn in consumption. In 1945, cigarette sales totaled 2.5 billion pieces, compared with 2.3 billion in 1944, and with a 5-year (1935-1939) average of only 1.9 billion.

About 400 million imported cigarettes were sold in 1945, of which United States brands were the most popular.

Cigar sales amounted to 28.1 million pieces in 1945, a slight decline from the 29.7 million sold in 1944. Cigars made of Brazilian leaf were the most popular. Cigarillo sales totaled 153.9 million pieces in 1945, or 5.8 million fewer than in the previous year. Sales of smoking and chewing tobacco totaled 4.3 million pounds, and 108,000 pounds, respectively, in 1945.

A significant decrease in Sweden's consumption of snuff has occurred in recent years. In 1945, Monopoly sales amounted to only 7.7 million pounds, compared with the prewar (1935-1939) average of 9.6 million pounds. Reports indicate that the Government is encouraging production of flue-cured leaf, a principal cigarette-type, by price increases to farmers and simultaneously is reducing prices for fire-cured leaf, used chiefly in snuff manufacture.

SWEDEN: Sales of tobacco products by the Monopoly, 1945 with comparisons

Year	Cigars	Cigarillos	Cigarettes	Smoking tobacco	Chewing tobacco	Snuff
	Thousands	Thousands	Thousands	1,000 pounds	1,000 pounds	1,000 pounds
Average - 1935-1939	25,643	190,631	1,867,235	2,328	208	9,641
1940	19,941	175,647	2,126,492	2,998	176	8,646
1941	25,263	203,159	2,190,883	3,402	181	8,483
1942	24,130	171,114	2,235,037	3,662	123	7,456
1943	33,751	157,955	2,237,378	3,713	112	7,244
1944	29,710	159,748	2,307,092	4,449	110	7,736
1945	28,097	153,938	2,467,945	4,336	108	7,674

Compiled from official sources.

TOBACCO STOCKS LARGER IN CANARY ISLANDS

The December 1945 stocks of leaf tobacco held in bonded warehouses at Las Palmas, Canary Islands, totaled about 2.8 million pounds, compared with 218,000 pounds in March 1945.

Substantial imports of leaf from Brazil, the Dominican Republic, and Angola during the late months of the year were the chief factor in the sharp rise in stock accumulation. Reports state that considerable quantities of United States and Cuban leaf were also held in bond at the year's end. During the war years, shortages of foreign exchange and shipping difficulties curtailed imports of foreign leaf, and stocks fell to low levels.

COTTON

WEEKLY COTTON PRICES ON FOREIGN MARKETS

COTTON: Spot prices of certain foreign growths and qualities in specified markets

Market location kind, and quality	Date 1946	Unit of weight	Unit of currency	Price in foreign currency	Equivalent U.S. cents per pound
Alexandria		Kantar			
Ashmouni, F.G.F.	6-13	99.05 lbs.	Tallari	31.50	26.30
Giza 7, F.G.F.	6-13	99.05 lbs.	Tallari	Not quoted	
Karnak, F.G.G.	6-13	99.05 lbs.	Tallari	36.00	30.06
Bombay		Candy			
Jarila, fine	6-13	784 lbs.	Rupee	440.00	16.94
Kampala, East African	6-13	784 lbs.	Rupee	850.00	32.72
Buenos Aires		Metric ton			
Type B	6-15	2204.6 lbs.	Peso	1960.00	26.47
Lima		Sp. quintal			
Tanguis, Type 5	6-15	101.4 lbs.	Sol	140.00	21.24
Recife		Arroba			
Mata, Type 5	6-15	33.07 lbs.	Cruzeiro	110.00	17.84
Sertao, Type 5	6-14	33.07 lbs.	Cruzeiro	110.00	17.84
Sao Paulo		Arroba			
Sao Paulo, Type 5	6-14	33.07 lbs.	Cruzeiro	145.00	23.52
Torreon		Sp. quintal			
Middling, 15/16"	6-14	101.4 lbs.	Peso	106.25	21.55

Compiled from weekly cables from representatives abroad.

EGYPT'S 1946 COTTON CROP SEEN LARGER

Egypt's 1946 cotton acreage is estimated by private sources at 1,142,000 acres, compared with an official estimate of 1,020,000 acres for 1945. Growing conditions (to the middle of May) were favorable and replanting was less than normal. Average yields would result in a crop of more than 100,000 bales above the final 1945 estimate of 1,082,000 bales of 478 pounds.

In Parliament, the Prime Minister of Egypt recently stated that the area planted to the Karnak variety will be cut drastically in 1947. The Minister of Agriculture is reported to favor a restriction to 10,000 acres, sufficient only to maintain the seed supply, but other sources believe a figure of 100,000 acres is more likely. Karnak acreage for 1946 is estimated at nearly 800,000 acres.

The only comparable long staple variety that can replace Karnak is Menouffi and the seed supply of that variety is sufficient for only 300,000 to 400,000 acres next year. Considerable expansion is expected in the area planted to Zagora in 1947. The desire to restrict the production of Karnak is based on the large accumulation of stock of this variety, mostly in the possession of the Government as a result of its cotton-price-support program during and since the war period.

Exports during the 8 months, September 1945 to April 1946, inclusive, amounted to about 411,000 bales (of 478 pounds net), compared with 467,000 for a similar period in 1944-45. Exports to the United Kingdom decreased from 285,000 to 143,000 bales and those to the Orient (mostly India) from 162,000 to 91,000 bales. These decreases were partly offset by increases in exports to the European Continent from 19,000 to 137,000 bales and to the United States from 0 to 39,000 bales.

The Alexandria market was unusually active during April with total sales for the month reaching about 40,000 Egyptian bales (around 60,000 bales of 478 pounds). Sales were stimulated by reentry of the French Purchasing Mission into the market and removal by the Indian Government of restrictions on imports of Egyptian cotton by private buyers. Domestic consumption was maintained at last year's level of 142,000 bales for the 8-month period.

EGYPT: Spot prices and Government-support prices of representative varieties and grades of cotton at Alexandria

Variety and grade	Spot market price a/		Government - support price b/	
	Tallaris per kantar	Cents per pound	Tallaris per kantar	Cents per pound
Karnak				
Fully good fair	35.50 to 36.00 c/	29.63-30.05	40.59	33.88
Good	38.25 to 38.50	31.93-32.14	44.28	36.96
Fully good	41.75 to 42.25	34.85-35.27	47.95	40.03
Malaki				
Good to fully good	42.50 to 43.25 c/	35.48-36.10	48.35	40.36
Maarad				
Good	37.25 to 37.50	31.10-31.30	43.32	36.09
Good to fully good	39.00 to 39.50 c/	32.56-32.97	44.02	36.75
Giza 7				
Fully good fair	36.50 to 36.75 c/	30.47-30.68	39.60	33.06
Good	37.75 to 38.00	31.51-31.72	41.18	34.38
Fully good	39.75 to 40.25	33.18-33.60	44.35	37.02
Ashmouni				
Fully good fair	31.50 to 31.75	26.30-26.50	31.90	26.63
Good	34.00 to 34.25	28.38-28.59	32.79	27.37
Fully good	36.00 to 36.50	30.05-30.47	34.21	28.56
Zagora				
Good	33.50	27.97	32.79	27.37
Fully good	36.00	30.05	34.21	28.56

Compiled from official sources.

a/ Old-crop cotton, with the exception of Zagora. b/ For 1945 crop cotton.
c/ Nominal.

Commercial prices of old-crop cotton for extra long staple varieties in recent months have been below the Government-support level for similar qualities of the 1945 crop, and the same situation has existed with respect to the lower grades of the shorter staple varieties. Consequently, these varieties and grades now comprise the bulk of Government-owned stocks.

SUGAR

SUGAR PROSPECTS UNCERTAIN IN JAVA

Prospects are that Java sugar production will not reach its prewar level of 1.5 million tons until about 1 year after political conditions have been stabilized, according to the Netherlands East Indies Department of Economic Affairs. This estimate is based on the fact that only 51 of the 85 sugar factories are in good working condition and will be operated for a 6-month period instead of the prewar period of 3 months. It is also assumed that ample seed cane will be available as was provided for by the Japanese occupation authorities just prior to V J-Day.

No new information is available concerning the estimated 1.6-million-ton stockpile of sugar remaining in the interior of Java, outside the area under British and Dutch control. Indications are that transportation from the interior to ports, will be a difficult problem if and when such stocks can be safely procured. If the 1.6 million tons did become available soon, it is estimated that only about 600,000 tons would be for immediate export and 600,000 would be reserved for local use. About 400,000 tons, requiring bags, may be in poor condition.

PHILIPPINE SUGAR CROP SHOWS SLOW RECOVERY

A total of 12,658 short tons of centrifugal sugar was produced in the 1945-46 season in the Philippine Islands, compared with over 1 million tons in prewar years. The current acreage of sugarcane for harvest indicates a production of 63,000 tons in 1946-47. About 260,000 acres of cane are expected to be available for harvest in 1947-48, or about one-half the prewar average.

FRUITS, VEGETABLES, AND NUTS

MEXICAN VEGETABLE SHIPMENTS LARGE

Fresh vegetable shipments from the West Coast of Mexico to this country for the season just ended amounting to 199 million pounds are second only to last season's record shipments of 207 million pounds. The winter vegetable season ended about 2 weeks earlier than usual owing to deterioration in quality of vegetables and the unusually early production in California and Texas.

Because of freezes in December, January, and February the volume of tomato shipments amounted to only 172 million pounds, 10 percent below the 191 million in the previous year. There was little damage to peas, peppers, and eggplants. About the same volume of peas was shipped in 1945-46 as in 1944-45, but peppers and eggplants doubled in volume over the preceding season. From all indications, 1946-47 production will probably be at about the same level as for the season just closed. Since wartime restrictions have been lifted, conditions are improving, but the volume will be dependent on the supply and demand situation in the United States and Canada.

FRESH VEGETABLES: Shipments to the United States from the West Coast of Mexico, 1945-46 with comparisons.

Commodity	November-May		
	1943-44	1944-45	1945-46
	1,000 pounds	1,000 pounds	1,000 pounds
Tomatoes	153,120	190,977	172,004
Peas (green)	16,129	7,368	7,224
Peppers (green)	6,927	8,396	19,134
Eggplant	762	440	872
Total	176,938	207,181	199,234

From official sources.

MISCELLANEOUS

ZANZIBAR'S CLOVE CROP LOWEST ON RECORD

The 1945-46 Zanzibar and Pemba clove crop, already harvested, is the lowest on record. These islands off the coast of East Africa together supplied about 85 percent of the world's cloves in prewar (1935-1939) years. The remainder came principally from Madagascar.

This 1945-46 crop amounts to 2.7 million pounds, compared with 22.4 million for 1944-45 and 35.8 million pounds for 1943-44, according to a report from the American Consulate at Nairobi, Kenya. The low 1945-46 yield is attributed to drought conditions prevailing during the past 3 years and to a disease known as "sudden death" which has attacked the trees of Zanzibar Island.

Neither the cause of "sudden death" or its cure is known. It kills the trees rapidly, usually in less than a year. The leaves turn brown and fall off, leaving the trees completely defoliated. One trade association official in Zanzibar states that is "sudden death" continues at the present rate of incidence, it will destroy all the clove trees on Zanzibar Island within 12 years. So far, the disease has not been found on Pemba Island where clove production is about twice that of Zanzibar Island.

LIVESTOCK AND ANIMAL PRODUCTS

BRITISH TO AUCTION WOOL STOCKS IN FALL

After June 30 no sales from the Joint Organization's wartime accumulation of wool stocks will be made until auctions begin in the Dominions and the United Kingdom in September, cabled reports from American Embassy in London indicate. This action is based upon the inauguration on July 1 of Joint Organization operations. The British Government is expected to make a press announcement very shortly and to issue a "White Paper" later which may include conclusions or references to minimum prices.

On May 21, 1946, the Board of Trade of the United Kingdom announced the formal signing of the Wool Disposal Agreement between the United Kingdom and Australia, New Zealand, and South Africa. This brings into operation the recommendations made to their respective Governments by representatives of these countries at the London Conference last year. The Joint Organization, a private limited company to be registered as the "United Kingdom Wool Disposals Limited", will become operative as soon as registration has been completed.

Sir Harry Shackleton, United Kingdom Wool Controller since 1939, has been named chairman of the Board of the Joint Disposals Organization, which will assume responsibility for marketing the accumulated Empire wool surplus and at the same time support marketing of current clips.

CANADA SUSPENDS IMPORT DUTY ON COMBED WOOL

A Canadian Order-in-Council dated May 7, 1946, exempts combed wool originating in and imported from countries subject to intermediate tariff treatment from customs duty for the last 8 months of 1946. This includes wool tops from the United States which are usually dutiable at 10 cents a pound under Intermediate Tariff Item 549.

In order to supplement the supply of tops normally obtained from Great Britain and Australia it has become necessary during the last few months to import wool tops combed in the United States from Empire wool. For the remainder of the year, importation of a quantity of South American tops combed in the country of origin or in the United States will also be necessary, since Canada's combing facilities are limited.

The Wartime Prices and Trade Board has granted this temporary exemption from duty in order to prevent any increase in the total subsidies paid on wool. During the war the Government subsidized importations of raw wool, noils Bradford tops, and dry combed worsted tops. This subsidy has been removed and price ceilings raised by the amount of the subsidy in line with the general policy of the Canadian Government of abolishing subsidies whenever possible. Since the amount of the subsidy was small, the price increase is expected to be absorbed by the trade, with small effect on the ultimate consumer.

WORLD OUTPUT OF DAIRY PRODUCTS-FIRST QUARTER 1946

The output of manufactured dairy products in the first quarter of 1946 in most of the important producing countries of the world fell below that for the same period a year ago. The sustained strong demand for milk and cream for fluid consumption continued to reduce materially the quantity of milk available for manufacturing purposes.

In general, the greatest reduction occurred in the production of butter and canned milk, with less pronounced decreases in cheese and dried milk. Exceptions to this general downward trend in output of manufactured products took place in Denmark and Switzerland where some improvement in milk flow provided more milk for manufacturing. Favorable producing conditions in Argentina resulted in a larger outturn of cheese in this period.

Although first-quarter milk production per cow in the United States was the highest on record for the period, total output was about 2 percent less than in the first quarter of 1945 owing to fewer cows on farms. In Canada, milk production in the January-March quarter of 1946 dropped about 4 percent below that for the same quarter of 1945. The number of dairy cows on farms on December 1, 1945, showed a decline of 1.9 percent below those on the same date in 1944. Milk production per cow actually changed very little as compared with the corresponding quarter of last year so that the reduction in the size of dairy herds may be regarded as the main factor in the reduced milk supply. In Switzerland, lactation in the first quarter of 1946 increased over the same quarter of 1945, as a result of an improved feed situation.

In Argentina, considerable rain fell from mid-January to mid-February. The improvement in pastures was soon reflected in a better milk-flow, which had been running below average for several months. While official figures are lacking, milk production apparently reached higher levels by March, although output in that month probably was about 20 percent under March 1945. Weather conditions in northern New Zealand in the first quarter of 1946 have been unfavorable and pastures have been insufficient to maintain milk production. In Australia, output in the first quarter has been stimulated by an improvement in pastures in the principal dairying districts as a result of rains at the end of January and during February.

Butter production in the first quarter of 1946 continued to decline in most countries. In the United States, the decrease was particularly marked, dropping to 71 percent of that for the first 3 months a year ago. This places output for these months at only 62 percent of the 1934-1938 average. Canada's butter production fell to 82 percent, and it became necessary to reduce the butter ration from 6 to 4 ounces per person per week. In Denmark, where the milk yield was up about 10 percent, butter production showed a corresponding increase, but continued well under prewar levels. An improvement in the feed situation in Switzerland resulted in greater milk output, with butter production showing an increase of 20 percent over the first quarter of 1945. In New Zealand, output continued to run behind last year owing to lack of rain. While total production for this period is not yet available, gradings for export were down to 69 percent of the same quarter a year ago. Production in Argentina, where the proportion of milk diverted to cheese continued at a record level, remained somewhat below that for the first quarter of last year.

Cheese production in the first quarter of 1946 in the United States amounted to 92 percent of output for the same period last year and showed the smallest reductions of any manufactured product in that country. Output of American cheese in these months was considerably smaller than for the same period a year earlier, but that of other varieties made from whole milk was much larger. In Canada, cheese production dropped sharply to only 67 percent of last year, the greatest decline for any country. Production in Switzerland was up 2 percent over the first 3 months of 1945. In Argentina, output continued high, rising 10 percent over the opening quarter a year ago. Gradings for export in New Zealand fell behind those of last year.

Canned-milk production showed a decline in the larger producing countries of the world in the first quarter of 1946. An improvement in production, however, occured in Argentina, with a 17-percent rise over the first 3 months of last year. In Cuba, output jumped to 42 percent above the same period a year ago.

Dried-milk production fell below that of a year ago in most countries with the exception of Switzerland where output rose 28 percent above last year.

Current Conditions Abroad: Ottawa. Milk production in Canada, which for several months has been running behind that of a year earlier, showed some improvement in April. Meanwhile, the consumption of fluid milk has risen rapidly, attributed in large part to the return of servicemen from overseas. Canada recently announced that subsidies on milk for cheese and concentrated milk products have been made higher, retroactive to May 1.

Sydney. Further substantial rains were received in the principal dairying districts of Australia in March and April, and prospects throughout practically all dairy regions are excellent. Generally, there is an abundance of feed and dairy stocks are in good condition.

Wellington. Rains in early March in the Province of Auckland and Hawkes Bay broke the drought which began in October. Further rains in April improves prospects for grass and emergency winter-feed crops. The rains came too late, however, to benefit flush season production.

Copenhagen. Milk production in April and May continued above output a year earlier and pasture conditions remained favorable.

Prepared by Floyd E. Davis and Regina Murray, based largely upon reports from Foreign Service Officers in countries included in summary.

DAIRY PRODUCTS: Output in principal producing and exporting countries, 1st quarter 1946, with comparisons

Country and product	Average 1934-1938	Total 1945	1945 1st quarter	1945 2nd quarter	1945 3rd quarter	1945 4th quarter	1946 1st quarter	First quarter 1946/1945
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Butter a/								
United States	1,673,328	b/ 1,368,993	b/300,668	454,845	389,265	224,215	212,365	71
Germany	792,000	c/	-	-	-	-	-	-
Australia	d/437,032	b/ 305,852	b/ 90,791	47,974	b/ 58,776	b/108,311	-	-
Denmark	400,660	291,667	50,705	81,790	90,609	68,563	58,863	116
New Zealand - total	e/366,049	331,212	112,553	41,221	50,992	126,446	-	-
Export gradings	f/314,753	b/ 276,528	b/ 94,210	b/ 32,928	b/ 35,251	b/114,139	65,101	69
Canada	248,119	293,541	36,673	97,405	110,747	48,716	30,085	82
Netherlands	201,000	g/	g/	g/	33,763	20,913	-	-
Sweden	151,309	207,360	40,871	55,192	62,542	48,755	-	-
Eire	89,400	67,737	b/ 2,737	b/ 22,450	b/ 29,305	13,245	2,721	99
Argentina	65,742	b/ 95,859	30,714	24,187	13,926	b/ 27,032	30,373	99
Switzerland	62,170	39,947	6,063	12,103	12,941	8,840	7,275	120
Finland	61,287	h/ 59,524	-	-	-	-	-	-
Belgium	46,179	i/ 40,284	b/i/4,092	b/i/12,722	i/ 14,215	i/ 9,255	-	-
United Kingdom	44,200	j/ 17,920	j/ 1,500	j/ 10,200	-	-	-	-
Union of South Africa	27,725	34,113	12,682	b/ 9,962	b/ 5,904	5,565	-	-
Cheese k/								
United States	643,234	1,114,754	221,102	373,537	322,657	197,458	203,310	92
Italy l/	523,518	176,368	-	-	-	-	-	-
Netherlands	266,549	g/	g/	g/	40,459	10,324	-	-
New Zealand - total	e/201,272	233,063	77,103	33,598	29,996	92,366	-	-
Export gradings	f/194,175	b/ 210,916	b/ 77,791	b/ 35,275	b/ 15,691	82,159	69,653	90
Canada	114,699	184,452	8,489	64,891	83,338	27,734	5,652	67
Switzerland	111,729	84,416	8,552	27,890	32,337	15,637	8,708	102
United Kingdom m/	109,000	j/ 56,000	j/ 2,300	j/ 17,000	-	-	-	-
Sweden	71,269	83,994	15,465	26,172	b/ 26,316	16,041	-	-
Denmark	68,820	102,734	-	-	-	-	-	-
Argentina	67,873	b/ 177,992	50,084	43,854	29,903	b/ 54,151	55,358	110
Australia	d/ 49,111	b/ 79,088	18,251	8,981	b/ 17,873	b/ 33,983	-	-
Union of South Africa	10,195	15,041	4,998	b/ 3,966	3,097	2,980	-	-

DAIRY PRODUCTS: Output in principal producing and exporting countries, 1st quarter 1946, with comparisons

Country and product	Average 1934-1938	Total 1945	1945 1st quarter	1945 2nd quarter	1945 3rd quarter	1945 4th quarter	1946 1st quarter	First quarter 1946 / 1945
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Canned milk								
United States	2,469,535	b/5,054,508	b/1,079,229	b/1,766,749	b/1,413,595	b/794,935	885,291	82
United Kingdom	378,560	j/ 204,545	j/ 48,900	j/ 137,600	-	-	-	-
Netherlands	304,896	-	-	-	-	-	-	-
Canada	92,377	237,645	38,558	84,330	74,692	40,065	35,153	91
Denmark	40,785	-	-	-	-	-	-	-
Australia	38,867	99,427	25,170	12,223	20,276	41,758	-	-
Cuba	n/ 32,564	24,165	2,997	3,433	9,492	8,243	4,248	142
Argentina	-	b/ 7,684	2,134	1,544	1,074	b/ 2,932	2,491	117
Switzerland	14,198	11,897	1,560	4,432	4,810	1,095	1,413	91
New Zealand	n/ 11,273	20,669	5,921	2,635	2,802	9,311	-	-
Dried milk o/								
United States	n/203,555	b/ 849,660	188,550	b/ 318,550	b/ 217,740	b/124,820	170,200	90
Netherlands	56,438	g/	g/	g/	2,705	1,646	-	-
United Kingdom	33,600	j/ 51,520	j/ 14,900	j/ 33,300	-	-	-	-
Canada	23,488	b/ 48,013	b/ 8,221	b/ 17,054	b/ 15,250	b/ 7,468	7,517	91
New Zealand	p/ 17,429	30,267	9,115	3,706	5,816	11,630	-	-
Australia	16,971	47,286	10,093	7,739	10,939	18,515	-	-
Argentina	q/	11,150	4,290	2,114	1,165	3,581	4,012	94
Belgium	5,500	-	-	-	-	-	-	-
Switzerland	2,381	7,007	860	2,832	2,083	1,232	1,098	128
Denmark	2,205	-	-	-	-	-	-	-

Office of Foreign Agricultural Relations. Compiled from official sources.

a/ Creamery butter. b/ Revised. c/ Total production of all butter is estimated at 880,000,000 pounds in 1945. d/ Production year beginning July. e/ Production year beginning April. f/ Production year beginning August 1. g/ Not available. h/ Estimate. i/ These figures represent controlled production of butter. j/ Unofficial estimates and are subject to revision. k/ Factory cheese. l/ Total cheese and includes cheese made from milk of sheep and goats. m/ Includes farm cheese. n/ Less than a 5-year average. o/ Total dried-whole milk and dried-skim milk for human consumption. p/ For 1938 only. q/ Quantity small.